



METRO

**DAY:** Wednesday  
**DATE:** September 15, 1993  
**TIME:** 8:30 - 10:30  
**PLACE:** **Metro Headquarters, 600 N.E. Grand Avenue**  
 Room 370A-B

**Joint Meeting of Solid Waste Advisory Committee/Rate Review Committee**

Assessment of Solid Waste Revenue System Terry Petersen

1. Announcement of Consultant Selection
2. September/October Work Schedule
  - A. Establish Work Group
  - B. Agree on General Policy Objectives
  - C. Develop List of All Possible Alternatives
3. Idea Session: Direction to Work Group and Consultant

**Meeting of the Solid Waste Advisory Committee**

- |   |                |
|---|----------------|
| 1. Approval of Minutes                            | Roger Buchanan |
| 2. Metro Solid Waste Updates                      | Bob Martin     |
| 3. 1995-2000 Waste Reduction Strategic Plan       |                |
| A. Process and Schedule                           | Terry Petersen |
| B. Waste Reduction Assessment: Recovery Potential | Scott Klag     |
| 4. Other Business                                 | Roger Buchanan |
| 5. Adjourn  | Roger Buchanan |

**Attachments:**

1. Minutes (July 22 and August 15)

TP:clk

c:\share\potc\swac\swac0915.agd

**SOLID WASTE ADVISORY COMMITTEE (SWAC)**  
Summary of the Meeting of 8/15/93

**MEMBERS PRESENT:**

Ruth McFarland, Vice Chairperson  
Susan Kiel, City of Portland  
James Cozzetto, Jr., MDC  
Delyn Kies, Washington Co.  
Pat Vernon, DEQ  
Susan Ziolko, Clackamas Co.  
John Drew, Far West Fibers  
Chris Boitano, East Co. Cities  
Emilie Kroen, City of Tualatin  
Robin Kordik, Citizen Rep.  
Bruce Broussard, Citizen Rep.  
Gary Hansen, Councilor, Multnomah Co.  
Brian Carlson, Clark Co.  
Ralph Gilbert, ECR  
Carol Ann White, Yamhill Co.  
Estle Harlan, OSSI/Tri-Co. Council  
Jeanne Roy, Citizen Rep.  
Kathy Kiwala, City of Lake Oswego

**GUESTS:**

Elenora Fielder, Citizen, Rate Review Committee  
Carolyn Francis, Wastech, Inc.  
Lexus E. Johnson, Oregon Hydrocarbon  
Ray Phelps, Pacific/West Communications  
Tom Zelenka, Schnitzer

**METRO:**

John Houser, Metro Council  
Bob Martin  
Terry Petersen  
Debbie Gorham  
Scott Klagg  
Connie Kinney

*The meeting was called to order by Vice Chairperson, Ruth McFarland.*

Chair McFarland asked each of the Committee members and alternates to introduce themselves.

Chair McFarland asked for a motion for adoption of the 6/24/93 Minutes. The motion was made, seconded and unanimously adopted by the Committee.

Terry Petersen said the deadline for submittal of the RFP on the assessment of the system finance study is this week. Mr. Petersen said he would be assisted by Steve Schwab (hauling industry, joint membership on SWAC and RRC) and Pat Vernon (with DEQ, non-voting member of SWAC) on the selection of a consultant.

Mr. Petersen said he is interested in holding another joint meeting of the SWAC and RRC possibly in September. Mr. Petersen briefly discussed the work which has been done in Toronto towards financing their solid waste system. He mentioned Toronto had a severe financial problem when the tip fee rose to \$150/per ton. Their solution was to reallocate some fixed costs from the tip fee to a flat fee collected through property tax bills.

Chair McFarland said the solid waste department made a presentation to the Council Solid Waste Committee last night (Tuesday, August 17, 1993). As part of their presentation they attempted to explain why disposal rates must rise as a result of building a transfer station which was wholly funded by private financing. The projected rise of \$4.15 per ton is expected if the Wilsonville Transfer Station is allowed to be built.

Mr. Martin explained that there were three components involved with the \$4.00 per ton increase. 1) you will be taking waste out away from a transfer station that has lower per-ton costs. The new facility will not have "on-board" source-separation available on opening but will have the potential for source-separation at a time when it is financially able to do so; 2) Metro will have to hire new gatehouse people and purchase new equipment; and 3) the major portion of the remaining increase will be used to service the bond funding.

Ms. Keil asked Mr. Martin why it costs three times more to process garbage at Metro West (Wilsonville) than at Metro South.

Mr. Martin said Metro West is configured differently than Metro South and therefore it doesn't handle waste the same way. For instance it takes a much shorter time to dump everything into a pit and shove it into a compactor than it does to dump it on the floor and separate the pieces and then compact it. For another reason, Metro West will be handling a lot less waste than Metro South.

Chair McFarland asked if part of the reason the costs were higher at Metro West was because of the way it was constructed?

Mr. Martin said no, he was mainly talking about operating costs.

Ms. Harlan said part of the reason is that there will be more waste recovery at Wilsonville, and there is none at South. But if South were converted so they could recover more

materials, will that not also raise costs at South? She said it was her understanding that there is no diversion at South.

Mr. Martin said that present plans at Metro West do not include materials recovery in its current configuration (other than cardboard), but there are increased opportunities. Current construction and equipment allows for probably 1% of waste recovery in order to keep the building cost prices low. Metro West, however, is configured so that as market opportunities emerge, they have room and opportunity to take advantage of that. That is missing from Metro South. New facilities need to be cost effective.

Chair McFarland asked if there were any further comments or questions with regard to the Wilsonville facility. The discussion then led to the implementation of the Sheriff's Contract with Metro for flow control enforcement.

Mr. Martin said he had had two meetings with Sheriff's Office. Mr. Martin said they are currently looking at a start-up date of September 15. The Sheriff's office is recruiting new officers to replace the officers that will be placed in the flow control enforcement contract.

Mr. Broussard asked what type of investigation would the Sheriff's officers be making?

Mr. Martin said they would mostly be working in surveillance.

Ms. Keil asked if the program was geared to focus on haulers or self-haulers?

Mr. Martin said primarily enforcement would be focused on commercial self-haulers, but of course they would not limit their surveillance.

Mr. Boitano assured the Committee that the Multnomah County Sheriff's officers had state-wide police powers and they had surveillance aircraft available to them out of Troutdale.

Mr. Broussard commented that he was particularly concerned about those persons who were turned away at the landfills because they did not have the funds to dispose of their material so they just dumped it in a neighborhood on the way.

Chair McFarland introduced Scott Klagg who made a presentation of the Metro region's 1993 waste reduction assessment.

Mr. Klagg said the planning began with the 1988 System Management Study, the 1988 EQC Order, the 1989 Waste Reduction chapter to the Regional Solid Waste Management Plan (RSWMP), 1991 additional chapter on Special Waste and Yard Debris. He said that in 1993 Metro and this Committee will work on updating that 5-year plan. The original 5-year plan covered the period 1990 through 1995, and the update will cover the period 1995 through 2000. Mr. Klagg then continued to discuss where we (the region) were going; where are we now; and, where should we be going.

Mr. Klagg said the RSWMP called for reaching a goal of 56% recycling by the year 2010, but at the region's current recycling rate we will have to come up with some very innovative recycling schemes to reach that lofty goal.

Mr. Klagg said that lumber recovery has been the most dramatic with a total of 2.4% more recovered than anticipated. Single-family recycling has made a .3% better than expected rate while multi-family recycling was behind .1% less than expected. The recycling activity for yard debris was 2.3% less than anticipated recovery rate.

Mr. Klagg said that where we go from here will be largely due to the innovativeness of our programs. He said that prior to 1988 the infrastructure had not been developed for Metro to study the wastestream and since that time we have been developing expertise and experience that will hopefully benefit us in understanding and developing better programs in the future to promote the recycling trend.

Mr. Klagg said Metro had conducted a waste audit in 1992 to determine where the waste was being generated and found the following: Residential = 23%, Commercial = 47%, Construction/Demolition = 13%, Industrial Waste = 6%, Special Waste = 7% and Events = 4%.

Mr. Klagg suggested that goals be based on a per capita or per employee basis and develop target programs to reduce those wastestreams.

Ms. Keil asked Mr. Klagg how they charted the multi-family recycling levels, and that the total he reached in the survey seemed very low in comparison to the City of Portland.

Mr. Klagg said he used a 1 to 4 units as single family residential.

Several of the Committee members including Ms. Keil said they defined multi-family differently.

Ms. Harlan asked Mr. Klagg if he was measuring the wastestream in a different manner than what they were reporting (the hauling and landfill industry). Ms. Harlan asked what Metro means by "presenting to the public new and innovative programs for waste reduction and recycling". She said that every time Metro introduces new programs, the public gets the mistaken impression that they are going to save them money and it ends up costing them.

Chair McFarland said the reality is that Metro can only address what happens at the transfer facilities. Metro is not in a position of control over those responsibilities that are in the hands of the haulers, processors and local governments. But that Metro can help by being the regional coordinator for implementation of waste reduction and related programs. The region cannot reach their goal with the current Plan. Chair McFarland also pointed out that Metro sponsors many resource-recovery programs but when those

programs become profitable, Metro loses it. She said this Committee with the assistance of the Rate Review Committee need to look at the current attitude on granting money to recycling activities, and if we intend to continue funding how much we want to give them, as well as when we will let the businesses assume full control of the profits and/or losses.

Ms. Keil agreed that Metro, as the regional coordinator did need to nurture those waste reduction and recycling programs in their infancy, but to turn them loose when they became profitable. This was good business for the region.

Chair McFarland said the Council Solid Waste as well as the Metro Council found the advice of the Solid Waste Advisory Committee and the Rate Review Committee to be extremely valuable, and relied on them to make decisions such as social values of the proposed business, amount of subsidy, if any, etc.

Mr. Hansen said he was more interested in disposed pounds per person. Mr. Hansen noted it was easier to measure disposed waste over recovery. Mr. Hansen was especially pleased that Metro had contracted for flow control enforcement measures and feels that is the key to Metro's lost tonnage.

Brian Carlson echoed Mr. Hansen's comments. He said Clark County was focusing more on waste generation avoidance through measures such as smart shopping. He said Clark County felt it was important to separate residential and commercial because in their area single family were paying the same rates as commercial and generating much less.

Mr. Gilbert commented that energy recovery should be elevated on the recycling hierarchy. He said hog fuel is looked on as very low priority and he feels it has a very important contribution to the system.

Ms. Vernon commented that the State of Oregon, DEQ was in the process of holding public meetings to develop a Solid Waste Management Plan which will be updated every two years. There will be one public meeting this evening in McMinnville, at the Community College and the next evening (8/19/93) in Beaverton at the PGE building. Ms. Vernon said they will be writing chapters on: Source Reduction, Material Recovery, System Management, and Disposal.

Ms. Kroen suggested quantifying the long-term benefit of subsidizing some projects even though they do not have an economic value. She said you need to weight these programs on an individual basis as to the good of the region, not entirely on financial rewards.

Mr. Broussard said he felt it was important to not be so absorbed in attaining the 56% goal. He asked about privatization of garbage.

Ms. Kordik said that she was involved in a program in Seattle where they found that they counted per capita disposal rate and the information was skewered. She believes you have

to look at the factors in your study such as perhaps type of household, number of persons in household, etc.

Mr. Boitano said local governments had an opportunity to be leaders in waste reduction and recycling and that East County governments was striving to be a leader in this regard. They were not waiting for Metro and were implementing their own programs.

Mr. Drew said it was important to see that goal of 56% to be just that -- a goal. In the year 1988 it was reasonable to believe that such strides were being made and that 56% could easily be obtained, but after further assessment we realize that is not attainable, we should readjust our goal. A goal is just that, something we hope to attain, not all important. Mr. Drew asked Ms. Gorham if it was her intention to have a new plan under consideration before the end of the year.

Ms. Gorham said she believed they could have a plan within this fiscal year.

Ms. Roy said that Metro has had four years of experience with which to study the wastestream and hopes they will go back and study their results. In other words, see what they did that worked and what programs didn't work, and then come up with a plan that can make waste reduction happen. Ms. Roy felt it was important for Metro to look at the region and use regional input as opposed to seeing what is going on on the national level because it was important that local governments be able to implement these programs.

Chair McFarland commented that educating the region on waste reducing and recycling was a big part of minimizing the wastestream.

Mr. Martin said he hadn't heard anyone around the table mention a very important factor, especially in the commercial sector and that was disposal fees. He would like to see an analysis of the role of disposal costs. And, do we want to subsidize disposal?

Ms. Kies said she would like to see a measurement of what effect that would have on recovery.

Mr. Hansen said it might be worthwhile to have a differential in disposal value. It costs more in terms of effect whether you dispose of batteries or inert material. Charge more to dispose of those items you wish to keep out of the landfills.

Chair McFarland said the Committee had run out of time and we would conclude our meeting. She thanked everyone for their attendance and their input, and reminded them how valuable their input was to the Council.

The meeting was adjourned. The next meeting will be held on September 15, at 8:30 a.m. in room 370A-B.

**SOLID WASTE ADVISORY COMMITTEE (SWAC)  
RATE REVIEW COMMITTEE (RRC)  
Summary of the Meeting of 7/22/93**

**MEMBERS PRESENT:**

Roger Buchanan, Chair, SWAC  
Ruth McFarland, Chair, RRC  
Lynda Kotta, City of Gresham  
Ken Spiegle, Clackamas County  
Shirley Coffin, Citizen  
Jeanne Roy, Citizen  
Tom Miller, Washington County Haulers Assoc.  
Pam Arden, Multnomah County  
Steve Schwab, Clackamas County Refuse Disposal  
Estle Harlan, Tri-County Counsel  
James Cozzetto, Jr., MDC  
Susan Keil, City of Portland  
Bruce Broussard, Citizen  
Ralph Gilbert, East County Recycling  
Brian Carlson, Clark County  
Merle Irvine, Citizen (Willamette Resources)  
Bob Kincaid, City of Lake Oswego  
Pat Vernon, DEQ  
Doug Coenen, OWS  
Emilie Kroen, City of Tualatin  
Steve Miesen, Trans Industries  
Delyn Kies, Washington County  
Ralph Orrino, BFI  
Brian Heibert, Tri-Counties

**GUESTS**

Brad Rafish, Talbot, Kukjola & Warwick  
Ralph Phelps, OWS  
Jack Polans, Citizen  
Jerry Yudelson, RDC

**METRO**

Bob Martin  
Terry Petersen  
Roosevelt Carter  
John Houser  
Connie Kinney

Chair Buchanan called the meeting to order. Chair Buchanan noted that this was a joint meeting of the Rate Review Committee and the Solid Waste Advisory Committee and thereafter asked the members and alternates to introduce themselves and to indicate which of the two committees they represented.

The first order of business was an Assessment of the Solid Waste Revenue System presented by Terry Petersen.

Mr. Petersen explained that a joint meeting of the SWAC and RRC was called because the issue being discussed is closely linked to what the Rate Review Committee does. Mr. Petersen the Resolution which the SWAC recommended to the Council Solid Waste Committee was passed and forwarded to the Council who adopted the resolution. This resolution will allow the Solid Waste Department to set up the process to assess how we fund solid waste programs. Mr. Petersen said the Council members expressed their desire to stay completely informed as to the progress in this endeavor and he will put a strong effort into doing that.

Mr. Petersen reviewed the different roles of the RRC and SWAC. He said the SWAC is charged primarily with writing the final chapter of the Solid Waste Management Plan dealing with Rates. He said that because it is a Plan, it is a little more general, more policy oriented and a little longer term than the role of the RRC which, as Mr. Petersen views it is year-to-year implementation of Metro's rates -- making a recommendation on what the specific rate should be.

Chair McFarland said four of the six members of the RRC were present at this meeting at a time when the RRC membership is normally not available to meet. Chair McFarland said the RRC previously surveyed how the rates were set and concluded there were things which had not been addressed. She said even though their suggestion was not adopted, it made a statement to the Council that there were indeed inequities in the solid waste system in the region. Chair McFarland said she was delighted to see the two committees share in the responsibilities of the rate setting/policy tasks for the region.

Mr. Petersen said the last time the SWAC met, the members expressed the desire for more knowledge on Metro's programs, the cost of those programs, the process for rate setting and what some of the trends and implications of the status quo might be. Mr. Petersen said this entire meeting would be devoted to an education process. Mr. Petersen said to that end staff had put together a packet of information with regard to the Solid Waste Department which was provided in the agenda packet.

Ms. Harlan asked for an organizational chart and Mr. Petersen said he would try to get one before the end of the meeting.

Mr. Petersen then proceeded to go through each of the items as they appeared in the handout. Mr. Petersen asked the committee members if there was additional information they might require.

Ms. Harlan suggested showing the manager and how many FTE's were allocated to each project.

Mr. Petersen then directed committee members to turn to Exhibit 2 of the packet which set forth the costs associated with each one of the divisions, personal services and materials and services.

Ms. Harlan asked Mr. Roosevelt if there was much, if any, budget left in the 1% for recycling.

Mr. Carter said there was about \$6,000 budgeted for local government grants and 1% for recycling.

Mr. Carter said that historically rates were set based upon the amount of tonnage that has been disposed of in the region. He said that in FY1989-90 that process was changed because of inequities in the way monies were collected. Mr. Carter said the "regional user fee" is a fee charged region-wide to all disposers, whether your refuse is taken to a Metro facility or otherwise within the region. These fees are not tonnage related and are used to fund administration costs, engineering services, personal services, overhead, budget and finance, waste reduction programs, transfer costs, and some debt service costs. Interest earned from various funds are used to fund expenses incurred for a particular program, *i.e.*, interest earned from a fund for St. Johns Closure. The Metro System user fee include costs for debt service related to Metro Central Bond, costs for scalehouse services, fixed costs related to the disposal contract, etc. These are fixed costs that are not variable with tonnage. The distinction between Regional User Fee and the Metro User Fee and all of the other categories will be that the costs are spread only over tonnage that comes to Metro facilities. Regional Transfer charges do vary based on the amount of tons that come through the system and generally pay for station operations.

Chair McFarland said one of the questions which repeatedly comes up in the rate setting process is how many things will we put into the "basic user fee" in order to spread it over the total base and how many things do we rightly put into those other categories.

Mr. Carter said the Transport and Disposal Fee budget are costs that are directly related to costs for transporting and disposing of tonnage from the Metro facilities.

Mr. Carter said the tonnage forecast is something to be dealt with each year and is a variable. When the rate model was originally set up, the tonnage was increasing and the model worked well as long as the tonnage base was increasing. However, with tonnage decreasing, the costs must be spread over less and less tonnage and thus the unit cost is going up.

Mr. Carter was asked where the revenue from the excise tax went. He said they go to support the general government of Metro which have nothing whatsoever to do with solid waste, such as Metro Council, Finance, Public Affairs.

Ms. Keil asked what the revenue from Solid Waste represent of the total revenue of Metro.

Mr. Martin said about 70% to 80%. He said that was not Oregon Budget Law Revenue that is new revenue -- not counting contingency funds or reserve accounts.

Ms. Harlan asked if there was a way to see how the excise tax was used?

Ms. Kotta asked what was the total dollar amount generated by the excise tax?

Mr. Petersen said he would try to make a summary of how the solid waste budget fits into the overall Metro budget including things like the excise tax.

Mr. Carter said that in terms of tonnage forecasts, last fiscal year we came within minus 2% of the tonnage forecast.

Chair McFarland commented on the excellent job the solid waste forecasting team has done with realizing additional factors were needed to add to the tonnage predictions to establish an extremely credible forecast of the wastestream.

Ms. Coffin noted that it was not so much a decline of tonnage that was affecting the rates but a decline of tonnage from which Metro derives revenue, thus the need to extend the system's fees to a broader rate paying base.

Ms. Roy asked if it would be possible to charge different fees at each facility should the Committee decide to do so?

Mr. Martin said they had done that in the past but to do so again would require a change in the Solid Waste Policies which would be brought before the Council. Mr. Martin said Metro had made a conscious decision a long time ago to operate the facilities as a system and to calculate a rate for running the entire system. He said there are a lot of costs to operate the system that you cannot really allocate to one area, one county, one facility, or one city, so it is rather difficult to charge different prices for the same service.

Mr. Petersen said they were all discussing different rate theories and along that line they could consider rate variations at a specific facilities -- different rates for different types of materials based on the different cost of handling, etc.

Mr. Yudelson commented that approximately 70,000 tons of petroleum contaminated soils now go to processors which do not pay the Regional User Fee which amounts to about \$1.3 million of lost revenue for Metro, which was a policy decision made by Metro when it was thought that that would be a less costly method of disposal. Mr. Yudelson said he felt industrial generators who pay \$19.00 and basically do not tax the system are felt to be a hardship and believes that those industrial generators are seriously considering moving from the region.

Mr. Petersen said Metro relies on a variable revenue source to cover both fixed and variable costs which produces a conflict between some of our objectives, *e.g.*, promoting recycling, conservation compared to financial stability/revenue collection. However, these are problems which face all utilities. Mr. Petersen said that in the past, for every 10% increase in the tip fee, we experience a 1 to 1-1/2% drop in the tonnage revenue base. Secondly, a differentiation of the wastestream -- separation of dry waste from wet waste enables customers to take advantage of the lower tip fees of limited purpose landfills. But of course that also diminishes the revenues that Metro once received.

Mr. Petersen said that Council had granted approval to release a request for proposal for consulting services reviewing the rate setting methodology. He did not have a copy (of RFP) with him but outlined the scope of work as follows: 1) Help identify some of the general policies related to rate setting in an environment where you have the above-mentioned conflicting objectives; 2) develop some general alternatives without any specific details (which alternatives would be brought for discussion to SWAC and RRC). With the consultants help we would narrow those alternatives to a set of specific recommendations. Mr. Petersen asked for a couple of volunteers to review proposals received and to select a consultant. Steve Schwab who serves on both SWAC and RRC, Susan Keil, representing the City of Portland and Pat Vernon from DEQ volunteered (both the latter from SWAC).

Ms. Coffin asked Terry how this RFP would differ from the RFP recently conducted through the Rate Review Committee.

Mr. Petersen said this covered a much broader set of questions. It was also pointed out that past audits of Metro concluded that an RFP should be conducted to analyze the rate setting practices. The study concluded that the practices followed in Metro's rate setting process were adequate but also concluded that the rate payer base be enlarged because of revenue shortfalls. They also concluded that certain rate payers should be invited to the system because they were benefiting without contributing to the rate payer base.

Mr. Gilbert asked Mr. Petersen what the costs might be, and where do you find this type of consultant?

Mr. Broussard mentioned that planners already existed on the solid waste staff and why couldn't they perform this service?

Mr. Petersen said the cost should not exceed \$30,000 and that he had a mailing list of some 30 to 50 firms who would be interested and experienced enough to accomplish this task. He said that although we have accomplished staff they do not have as wide a range of experience as the utility consultants. Mr. Petersen said that after the consultant develops alternatives, the SWAC and RRC will make the final recommendations for submittal to Council.

Chair Buchanan advised the committee that they had to move to Agenda Item #5, the Yard Debris Evaluation which was an action item.

Mr. Kraten gave a brief overview on the changes to the evaluation which had been discussed at two prior SWAC meetings. A copy of the revised report was mailed to each SWAC member with the agenda packet.

Ms. Keil asked Mr. Kraten if the problems which were addressed from Washington County had been cleared up.

Ms. Kies was asked if the questions she had raised had been adequately addressed in the revisions of the Yard Debris Evaluation. Ms. Kies said she was comfortable with the revised report.

Ms. Harlan moved to accept the Yard Debris Evaluation and Ms. Keil seconded the motion. The motion carried unanimously.

Ms. Kinney reported the results on the survey which the Committee members received. She said that Wednesdays, from 8:30 to 10:30 seemed to be the best available time other than the fourth Thursday of each month. She said there were two other comments made to the survey: (1) they would like to see more subcommittee meetings and information brought back to the committee in the form of a report; and, (2) they would like to be able to add things to the agenda themselves.

The Committee meeting time was agreed upon to change to 8:30 -- 10:30, every third Wednesday of the month, to be held in Room 370A, 370B.

Mr. Reid briefly discussed the strategy by which we (the region) can handle the organic fraction of the wastestream. Mr. Reid said that because the compost facility which was located on Columbia Blvd is no longer in operation we must find a suitable alternative. Mr. Reid said two workshops on the subject will be held to review alternatives and formulate a strategy by selecting various alternatives and then will have one full day conference in which the public at large will be invited to study the efforts of the other two workshops. Mr. Reid anticipates being able to present a recommendation to the Council Solid Waste Committee on the 18th of January, 1994.

The meeting was adjourned at 10:45.

The next meeting will be held August 18, Room 370A-B, 8:30 a.m. to 10:30 a.m.

Table 2

## Illustration of Two-Part Fee Version 2

### 1. Customer Charge

#### Most Fixed Costs Covered by a Mix of Household and Business Charges

Row	Annual Charge per Household	Revenue from Households	% Revenue from Households	Annual Charge per Employee	Revenue from Employment	% Revenue from Employment	Total Receipts
A	\$29.91	\$13,311,854	100.0%	\$0.00	\$0	0.0%	\$13,311,854
B	26.92	11,980,669	90.0%	2.21	1,331,185	10.0%	13,311,854
C	23.93	10,649,483	80.0%	4.43	2,662,371	20.0%	13,311,854
D	20.94	9,318,298	70.0%	6.64	3,993,556	30.0%	13,311,854
E	17.95	7,987,113	60.0%	8.86	5,324,742	40.0%	13,311,854
F	14.96	6,655,927	50.0%	11.07	6,655,927	50.0%	13,311,854
G	11.97	5,324,742	40.0%	13.29	7,987,113	60.0%	13,311,854
H	8.97	3,993,556	30.0%	15.50	9,318,298	70.0%	13,311,854
I	5.98	2,662,371	20.0%	17.72	10,649,483	80.0%	13,311,854
J	2.99	1,331,185	10.0%	19.93	11,980,669	90.0%	13,311,854
K	0.00	0	0.0%	22.15	13,311,854	100.0%	13,311,854

### 2. Usage Charge

#### Tipping Fee Covers Variable Costs and a Portion of Fixed Costs

\$4.25 + Regional Charge  
 \$51.74 + Operation, Transport, Disposal  
 \$55.99 = Base tipping fee  
 \$5.67 + Surcharges (excise tax, DEQ fees, R&E fee)  
 \$62.00 = Metro Tipping Fee (rounded)

#### Assumptions and Comments

##### Rate basis

445,000 households in Metro district  
 601,000 wage & salary employees in Metro district  
 1,043,848 revenue tons tipped in the Region  
 689,185 revenue tons tipped at Metro facilities

##### Revenue requirements (FY 1993-94)

\$13,311,854 fixed portion of budget subject to customer charge  
 \$4,437,285 fixed portion of budget covered by usage charge (arbitrary 25%)  
 \$35,659,834 variable portion of budget

##### Comments

- o Annual charges reflect the average fee per household or employee
- o In practice, customer classes would be designed to address equity issues
- o Revenue requirements do not reflect additional administration costs

## Example

### Effect of Two-Part Fee Version 1

The following calculations are provided for a business having 100 employees. The customer charge is chosen from the row in Table 1 in which household and businesses equally share in the funding of fixed costs (Row F, \$14.77 per employee per year). This scenario leads to a Metro tipping fee of \$57 per ton, versus \$75 per ton under the current system. The illustration shows the effect of the two-part fee system with different generation rates. All waste is assumed to be self-hauled to Metro Central or Metro South.

Effect of Two-Part Fee (Version 1) on Businesses

Generation (Tons/year)	Current System (Annual Cost)	Charges Under Two-Part System Version 1		
		Fixed Portion	Variable Portion	Annual Cost
50	\$3,750	\$1,477	\$2,850	\$4,327
82	\$6,150	\$1,477	\$4,674	\$6,151
100	\$7,500	\$1,477	\$5,700	\$7,177

Table 1  
**Illustration of Two-Part Fee Version 1**

**1. Customer Charge**  
**All Fixed Costs Covered by a Mix of Household and Business Charges**

Row	Annual Charge per Household	Revenue from Households	% Revenue from Households	Annual Charge per Employee	Revenue from Employment	% Revenue from Employment	Total Receipts
A	\$39.89	\$17,749,139	100.0%	\$0.00	\$0	0.0%	\$17,749,139
B	35.90	15,974,225	90.0%	2.95	1,774,914	10.0%	17,749,139
C	31.91	14,199,311	80.0%	5.91	3,549,828	20.0%	17,749,139
D	27.92	12,424,397	70.0%	8.86	5,324,742	30.0%	17,749,139
E	23.93	10,649,483	60.0%	11.81	7,099,656	40.0%	17,749,139
F	19.94	8,874,570	50.0%	14.77	8,874,570	50.0%	17,749,139
G	15.95	7,099,656	40.0%	17.72	10,649,483	60.0%	17,749,139
H	11.97	5,324,742	30.0%	20.67	12,424,397	70.0%	17,749,139
I	7.98	3,549,828	20.0%	23.63	14,199,311	80.0%	17,749,139
J	3.99	1,774,914	10.0%	26.58	15,974,225	90.0%	17,749,139
K	0.00	0	0.0%	29.53	17,749,139	100.0%	17,749,139

**2. Usage Charge**  
**Tipping Fee Covers Variable Costs Only**

- \$0.00 + Regional Charge
- \$51.74 + Operation, Transport, Disposal
- \$51.74 - Base tipping fee
- \$5.37 + Surcharges (excise tax, DEQ fees, R&E fee)
- \$57.00 - Metro Tipping Fee (rounded)

**Assumptions and Comments**

**Rate basis**

- 445,000 households in Metro district
- 601,000 wage & salary employees in Metro district
- 1,043,848 revenue tons tipped in the Region
- 689,185 revenue tons tipped at Metro facilities

**Revenue requirements (FY 1993-94)**

- \$17,749,139 fixed portion of budget subject to customer charge
- \$0 fixed portion of budget covered by usage charge
- \$35,659,934 variable portion of budget

**Comments**

- o Annual charges reflect the average fee per household or employee
- o In practice, customer classes would be designed to address equity issues
- o Revenue requirements do not reflect additional administration costs

**1995-2000 Waste Reduction Plan ( EXAMPLE ONLY )**  
**Strategies Under Three Possible Scenarios**

GENERATOR	Scenario 1 "Existing Efforts" GOAL = 44% 4.3 lbs/pers/day		Scenario 2 "Moderate Efforts" GOAL = 50% 3.5 lbs/pers/day		Scenario 3 "Intensive Efforts" GOAL = 58% 3.0 lbs/pers/day	
	Strategies	Tons Reduced /Recycled per year	Strategies	Tons Reduced /Recycled per year	Strategies	Tons Reduced /Recycled per year
Residential		26,000		53,000		66,000
Single Family	Improve participation & service	21,000	Improve participation & service Add mixed paper	21,000 20,000	Improve participation & service Add mixed paper Add food wastes	21,000 20,000 10,000
Multi-family	100% Multi-family service	5,000	100% Multi-family service Add mixed paper	5,000 7,000	100% Multi-family service Add mixed paper Add food wastes	5,000 7,000 3,000
Commercial		27,000		80,000		133,000
	Improve participation & service Source Reduction	20,000 7,000	Improve participation & service Source Reduction Strategies by SIC Small business strategy	30,000 10,000 20,000 20,000	Improve participation & service Source Reduction Strategies by SIC Small business strategy	35,000 20,000 50,000 28,000
Construction/Demolition		15,000		22,000		37,000
	Residential Commercial	4,000 11,000	Residential Commercial	6,000 16,000	Residential Commercial	9,000 28,000
Industrial/Process Waste		3,000		7,000		17,000
Event Waste		2,200		4,000		6,000
	Commercial Drop Boxes	2,200	Commercial Drop Boxes Residential Drop Boxes	2,200 1,800	Commercial Drop Boxes Residential Drop Boxes Festivals	2,200 1,800 2,000
Post Collection Recovery	Improve existing facilities	8,500	Modify existing facilities	12,750	Improve existing and add new facilities (e.g. dump & pick)	42,500
TOTAL DIVERSION						
New		82,000		179,000		302,000
Existing		615,000		615,000		615,000
DISPOSED		970,000		791,000		668,000
GENERATED		1,585,000		1,585,000		1,585,000
DIVERSION RATE		44%		50%		58%
POPULATION		1,239,500		1,239,500		1,239,500
PER CAPITA DISPOSAL						
Lbs/person/day		4.3		3.5		3.0

SOLID WASTE COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 93-1848, FOR THE PURPOSE OF AUTHORIZING THE EXECUTIVE OFFICER TO ENTER INTO A FRANCHISE AGREEMENT WITH WILLAMETTE RESOURCES, INC. FOR CONSTRUCTION AND OPERATION OF THE METRO WEST STATION

-----  
Date: September 8, 1993                      Presented by: Councilor Buchanan

Committee Recommendation: At the August 17 meeting, the Committee voted 3-0 to submit Resolution 93-1848, without recommendation, for Council consideration. Voting in favor, Councilors Buchanan, McFarland, and McLain. Councilors Washington and Wyers were excused.

Committee Issues/Discussion: At its July 20 meeting, the Committee received the recommendation of the Executive Officer that Metro should not enter into a franchise agreement with Willamette Resources Inc. for the construction and operation of a transfer station in Wilsonville. At subsequent public hearings at the August 3 and August 17 meetings, the Committee received considerable additional testimony from Metro staff in support of the Executive Officer's recommendation and from the proposed vendor and the Washington County Steering Committee urging the committee to proceed with the construction of the station.

At the August 17 meeting, the Committee chose to adopt Resolution 93-1848, without recommendation. The resolution authorizes the Executive Officer to enter into an agreement with Willamette Resources for the construction and operation of the proposed transfer station. The resolution was passed without recommendation for the purpose of bringing the issue of the transfer station before the full Council for discussion.

**STAFF REPORT RELATED TO THE PROPOSED  
WILSONVILLE TRANSFER STATION**

A large amount of data and supportive testimony related to the proposed Wilsonville transfer station has been developed over a span of several years. It is the intent of this staff report to provide: 1) a brief history of the development of a proposed disposal system for Washington County, 2) a summary of the proposed franchise agreement, and 3) a summary of the pro and con arguments related to the facility.

**HISTORICAL BACKGROUND**

Following several years of formal and informal discussions between Metro and Washington County elected officials, a process for the development and implementation of a comprehensive disposal system for Washington County was initiated in 1988. The Council adopted Ordinance No. 88-266B which established the Regional Solid Waste Management Plan (RSWMP). The RSWMP included a policy that provided that priority be given to local solutions to address solid waste issues.

**Plan Development**

Upon the request of Washington County, the Council adopted Resolution No. 89-1156 which authorized a process under which Washington County would develop a conceptual plan to address solid waste disposal within the county. The development of the plan would be overseen by the fourteen-member Washington County Solid Waste Systems Design Steering Committee (the steering committee). The committee included a representative from each city, a county representative, and three hauler representatives.

During the next year, a series of resolutions were adopted that related to development of Washington County's "local solution" plan for the development of disposal facilities to serve the county's residents. These included:

\* Resolution No. 90-1263 -- acknowledging receipt of a "conceptual" plan from the Washington County Steering Committee, but specifically not endorsing the policy recommendations contained in the plan

\* Resolution No. 90-1250A -- authorizing a technical analysis of the conceptual plan, which would address a broad spectrum of issues related to the proposed disposal system including tonnage estimates, system configuration, transportation, financing, rates and flow control

\* Resolution No. 90-1358B -- establishing a policy preference for a local government solution, provided that the solution meets the requirements of the RSWMP

Following the completion of the "Policy and Technical Analysis for: The Washington County System Plan" (the technical analysis), the Council adopted Resolution No. 91-1437B in June 1991. The intent of the resolution was to set the policies for the preparation of an RSWMP Chapter related to the proposed Washington County disposal system. The resolution noted that "the Council of the Metropolitan Service District recognizes and gives priority to the Washington County Solid Waste Plan (local government solution) by establishing the following policies to ensure that the Washington County Plan is consistent with the Regional Solid Waste Management Plan:". The policies related to: 1) system configuration/tonnage projections, 2) the number of facilities, 3) material recovery, 4) high grade processing, 5) financing, 6) rates, 7) ownership, 8) vertical integration, 9) procurement, 10) land use siting, and 11) flow control.

During discussion of this resolution, several significant issues emerged. These included: 1) the role of Metro and Washington County in implementing the plan, 2) public vs. private facility ownership, 3) the size and location of the facilities, and 4) the nature and timing of the procurement process. The Council narrowly approved the resolution following the development and inclusion of language that required that the cost of any privately-owned facility would have to be less than a public-ownership alternative.

The Solid Waste Planning staff then prepared and the Council adopted an RSWMP chapter plan which outlined the basic components, conditions and policies that would drive the development of a disposal system in Washington County (Ordinance No. 92-416). Under the plan, the county would be divided into two wastesheds. The western wasteshed would include the area from Aloha to Forest Grove, while the eastern wasteshed would include Beaverton, Tigard, Tualatin, Sherwood and Wilsonville. There would be two transfer stations, one in each wasteshed. The facility serving the west wasteshed would have a capacity of 120,000 tons/yr. and the east wasteshed facility would have a capacity of 196,000 tons/yr.

#### Forest Grove Station Procurement

Following the adoption of the chapter plan, the Solid Waste staff initiated a procurement process for the transfer station for the western wasteshed. Potential vendors were asked to respond to a request for franchise (RFF) for the construction and operation of the station under a 20-year franchise agreement. The estimated

cost of the facility was \$10 million, to be financed through the issuance of Metro limited obligation revenue bonds.

Two vendors submitted proposals in response to the RFF, Waste Management of Oregon and A.C. Trucking, the operator of the existing Forest Grove Transfer Station. Both of the proposed facilities would have been located in Forest Grove.

During the evaluation of two proposals, the solid waste technical staff initiated several changes in the methodology used to make tonnage forecasts. These changes were made to create a forecasting model that could more accurately account for the significant drop in transfer station tonnage that began in mid-1991. Using this new model, tonnage forecasts for the region and for Washington County were revised significantly downward.

Though the comparative evaluation of the two proposals was completed, the staff recommended that the station not be built at this time. They noted that earlier forecasts and the technical analysis had indicated that the facility could reach capacity prior to the year 2000, but that the new forecast indicated that capacity would not be reached during the first twenty years of operation. Staff contended that the small forecasted increases in tonnage did not justify the expenditure of \$10 million to build the facility. The council accepted the staff's rationale and chose not to proceed with the facility.

#### Wilsonville Procurement

In May 1992, the procurement process for the eastern wasteshed transfer station was initiated throughout the issuance of another RFF (Resolution No. 92-1612). A single vendor, Willamette Resources, Inc. (WRI) responded. WRI proposed to construct and operate a facility in North Wilsonville and henceforth the proposed facility has been referred to as "the Wilsonville Transfer Station."

The proposal was evaluated and, in December 1992, the staff brought forward a request that it be permitted to enter into negotiations with WRI for the purpose of preparing a final design for the proposed facility and developing a 20-year franchise agreement. It was estimated that this work would cost about \$100,000 to complete. The Solid Waste Committee authorized staff to enter into these negotiations.

At the same time that the proposal was being evaluated, the Solid Waste Committee Chair and Council staff prepared a memo asking several questions related system capacity, flow control, tonnage estimates, and use of Metro Central by Washington County haulers

The staff response provided data and other estimates related to system capacity, the potential use of flow control, and tonnage estimates and facility usage (with or without the Wilsonville station).

Negotiations with WRI culminated with the development of a proposed franchise agreement dated June 28, 1992. It is this agreement, along with other cost and financial impact data, upon which the Executive Officer based her decision not to proceed with the construction of the facility.

### SUMMARY OF PROPOSED FACILITY AND FRANCHISE AGREEMENT

#### Original Proposal

The proposed facility would be built on a 26 acre site located on Ridder Road, about 1/2 mile southwest of the Stafford/North Wilsonville interchange on Interstate (Exit 286). A total of about 9 acres of the site would be used for the transfer station, with a 7.5 acre buffer zone on the north side of the property. The remainder of the site would be reserved by WRI for its central offices. The site is zoned for industrial use and WRI has obtained the necessary conditional land use permit from the city of Wilsonville.

The original proposal included an approximately 93,200 square foot main building. The building included a 10-space main tipping floor, an auxiliary tipping area, material recovery lines, separate storage areas for recovered materials and unacceptable materials, truck wash, a compactor and loadout area and office and maintenance areas. The scalehouse and queuing line area were located to the east of the main building. A public recycling drop-off area, a transfer truck staging and parking area, and public parking also were provided.

The total estimated cost of the original proposal was \$10,037,600.

#### Revised Proposal

The size and layout of the main building were significantly downsized as a result of the negotiation and final design process. The reduction, to about 76,800 square feet, was primarily due to the elimination of the proposed material recovery lines. The original proposal included about \$1.3 million for material recovery equipment designed to produce a 7-10 percent recovery rate. The principal recoverables would have been wood, cardboard and metals. Metro staff analysis concluded that the proposed recovery lines would not be cost-effective. Staff estimated that a 4-5 percent recovery rate could be achieved through floor sorting of material as it arrived at the

station. A large open area was maintained in the building to allow for the future installation of material recovery equipment should it become cost-effective.

The estimated cost of the revised facility is \$9,096,010.

#### Agreement Summary

**Length.** The franchise agreement with WRI would be for 20 years. The agreement could be extended for up to 20 additional years in five-year increments. Metro can purchase the facility at the end of the initial agreement period and would have first right of refusal during the term of the agreement.

**Financing.** The facility would be financed through Metro's issuance of about \$10.3 million in project bonds. About \$1 million of the bonds would be taxable because it would be used for purchase of the land. Bond proceeds would be loaned to WRI who would be responsible for payment of bond principal and interest from revenues from the facility. The agreement also requires that WRI provide a letter of credit insuring that the bonds will be paid off in the event of a default.

Following the completion of negotiations, WRI provided the required letter of credit from West One Bank. The letter is for \$11 million with a term of five years. WRI must pay initially pay an issuance fee in an amount equal to 1% of the face value to obtain the letter. In addition, it must make semi-annual payment of a "facility fee" equal to 2% per annum of the remaining bond principal. Originally this fee was to be 1% per annum, but was increased by the bank prior to final issuance of the letter. The facility fee is more than double the fee paid to obtain credit enhancement for the composter facility.

Metro's staff has reviewed the letter and it has been requested that they make a presentation at the Council hearing on the transfer station. This presentation would address the financial impact of the increase in the facility fee and any other issues that they may wish to raise concerning the letter.

**Operations.** Under the terms of the agreement, the facility would be open 363 days a year. During weekdays only commercial loads would be accepted and on weekends both self-haul and commercial loads would be received. Metro will operate the scalehouse at the facility.

It is estimated that the facility would initially receive about 132,000 tons per year. Tonnage would gradually increase to about 163,000 tons by the year 2013. If tonnage were to drop below 95,000 tons, Metro would be obligated to discuss the financial

viability of the facility with WRI but would not be required to take any specific action.

**Cost Impact.** WRI will be paid a monthly sum that consists of an operations and maintenance (O&M) and debt service. During the first year of full debt service payments (FY 95-96), staff estimates that the average per ton cost will be \$24.18 (\$16.44 for O&M, \$7.74 for debt service). By comparison, based on the existing contracts, similar per ton costs at Metro Central would be \$25.22/ton and \$10.60/ton at Metro South. (Note: Both the Metro Central and Metro South contracts will be rebid during the next 18 months. It is anticipated that the cost will decrease at Metro Central and increase at Metro South).

Because per ton costs at Metro Central and Metro South tend to decrease as larger volumes are processed, the effect of transferring wastes from these facilities to a new Wilsonville facility will be to increase per ton costs at each of these facilities. For example, cost at Metro South would be \$9.23/ton without the Wilsonville facility versus \$10.60/ton if Wilsonville is built. At Metro Central, the cost would be \$23.13/ton without the Wilsonville facility versus \$25.22 if Wilsonville is built.

WRI would receive an annual escalator equal to 100% of the consumer price index increase up to 5%, and 85% of the increase over 5%. WRI also would receive "avoided cost" payments for recovered materials.

**Rate Impact.** The estimated disposal rate impact during the first full year of debt service payments (FY 95-96) would be \$4.15/ton. Staff estimates that the rate with the Wilsonville station would be \$85.73/ton versus \$81.58/ton if the facility is not built. The following is a summary of the various components of the rate impact of the facility:

\$1.99/ton	-- Station Operations
1.51	-- Debt Service
.43	-- Scalehouse Operations
.18	-- Avoided Costs
.27	-- 7% Excise Tax
(.21)	-- Reduced Transportation/Disposal Costs
(.03)	-- Other Related Revenue
\$4.15	-- Total Impact (rounded to the nearest penny)

## PRO AND CON ARGUMENTS

The following discussion outlines those arguments that have been put forth in favor and in opposition to the construction of the Wilsonville transfer station. In addition, arguments for and against the option of delaying a final decision on the facility until a later date also are addressed.

### Pro Arguments

Those testifying in favor of constructing the transfer station have included the Washington County Steering Committee, various Washington County elected officials, Clackamas County, representatives of WRI, and the Tri-County Council (haulers). Correspondence in favor of the facility has been received from the cities of Wilsonville, Tigard and Oregon City.

The arguments in favor of the facility can be summarized as follows:

Operating Agreement with Oregon City. Metro currently has an intergovernmental agreement with the city of Oregon City relating to the operation of Metro South. Under the agreement, Metro may process up to 400,000 tons/year at the facility. However, the agreement further provides that Metro agrees to "take every measure feasible to reduce tonnage at the facility to 700 tons per day (approximately 255,000 tons per year) on a monthly average by January 1, 1992." This agreement expires in December 1995.

The staff report that recommends not proceeding with the Wilsonville facility identifies the "maximum" capacity of Metro South as 400,000 tons/year as provided in the current Oregon City agreement. The report indicates that if the Wilsonville station is not built, Metro would not redirect waste from the station until the tonnage reached the 400,000 ton capacity.

In a response directed to the Presiding Officer, the mayor of Oregon City notes that "we are disturbed that Metro's waste flow projections indicate Metro will continue to exceed this limitation (255,000 tons/year). In our view, approval of the Wilsonville facility is a "feasible measure" to reduce tonnage at Metro South. The agreement with Metro expires on January 1, 1996. At this time we anticipate reviewing all of the terms of the agreement including the tonnage limits."

Staff and those that use the facility agree that some operational problems occur at the facility as a result of the higher than optimum tonnage volume. These generally involve long queuing lines and delays in processing customers. During weekdays, such

delays are limited and of relatively short duration. But on weekends, particularly during the spring and summer, the large number of self-haulers generates causes queuing lines to extend out onto adjacent city streets. Delays of more than one hour have occurred. The mayor of Oregon City noted that these traffic problems may be compounded when nearby Oregon Trail-related facilities are opened in 1994.

Metro staff indicates that several operational changes have been made to address these problems. These include: 1) increased operating hours, 2) improved on-site traffic control, 3) assistance in the tipping area, 4) more effective use of existing scales, and 5) limiting recovery activities to off-peak periods. Staff has indicated that, other than possibly adding an additional scale, no large scale physical improvements are anticipated during the next five years at Metro South.

Proponents contend that the current Metro South operating agreement with Oregon City represents a commitment from Metro to reduce the tonnage levels at Metro South to about 255,000 tons/year. They argue that the recommendation not to build the Wilsonville station clearly implies that it is Metro's intent to operate Metro South at up to 400,000 tons/year for the remaining 2 1/2 years of the operating agreement. They note that the RSWMP requires a commitment from each county to accept a transfer station and that Washington County is honoring its commitment through its support for construction of the Wilsonville station.

**Completion of a Long and Complex Planning and Siting Process.** Proponents contend that the construction of the station is the culmination of a five-year planning process that resulted in the development of the Washington County Plan and an RSWMP Chapter addressing the Washington portion of the regional disposal system, both of which were approved by the Metro Council. They contend that the Executive Officer is asking the Council to radically depart from these established policies without having a comprehensive vision of the future of the disposal system if the station is not built.

**Flow Control.** Proponents express concern about Metro's continuing ability to use flow control to direct the waste of certain haulers to a particular facility. They cite several recent court decisions that have limited the right to exercise flow control in other jurisdictions. They argue that a decision not to build the Wilsonville station will result in Metro having to exercise flow control to direct waste from Metro South to Metro Central. They note that if Metro were unable to direct waste from Metro South to Metro Central, population growth in Washington and Clackamas Counties could result in the need to build a transfer station to reduce waste flows at Metro South by as early as 1996.

They also contend that the exercising of flow control will increase hauler collection costs and system disposal costs. For example, they argue that haulers have made their decision to use one of the existing stations based on economic considerations. Forcing them to use a different station could result in longer travel times, delays at the station and other factors that would increase their costs. They also note that disposal costs at Metro Central are currently, and are expected to remain, higher than disposal costs at Metro South. Thus, using flow control to send waste from Metro South to Metro Central would increase system disposal costs.

**Collection Cost Savings.** There are significant differences in the estimates of collection cost savings prepared by the proponents of the station and those prepared by Metro staff. Proponents contend that the savings will be about \$700,000 a year and will exceed the tip fee impact of the station. Metro staff's estimate of between \$350,000 and \$600,000 per year indicate that at best there will not be any net savings.

Proponents also contend that construction of the station will eliminate the historic disposal cost subsidy paid by Washington County residents. They argue that longer travel times to Metro South have cost Washington County residents and that the construction of the Wilsonville station will eliminate this cost differential.

**Uniform Service and Costs.** Washington County contends that the lack of a transfer station in the eastern portion of the county has created a disposal system in which residents of this area do not receive the uniform level of service at a uniform cost that is mandated under the RSWMP. They argue that a decision not to build the station will continue this inequity. They contend that prior to making any decision not to build, Metro should address this issue, including the consideration of a differential rate for those in the affected area (note: Proponents contend that residents in east Multnomah County also may have similar service and cost inequities.).

**An Integral Part of the System.** Proponents note that the RSWMP has always envisioned a disposal system in which each county in the region contribute disposal facilities capable of addressing the needs of that county. They contend that Metro Central and Metro South were constructed to meet the needs of Multnomah County and Clackamas Counties. The planning work of the Washington County Steering Committee was viewed as a means of developing a local solution for the Washington County segment of the disposal system. Proponents contend that the Wilsonville station complies with the intent of the local solution that has been developed and that the

station represents the last link in the development of an integrated, tri-county-wide disposal system.

**Necessary Tonnage is Available.** Proponents and opponents of the station strongly disagree as to whether enough transfer station-type waste is available to justify the construction of the station. Proponents contend that, while tonnages have declined in recent years, the executive officer's recommendation is based on data that overestimate the scope and impact of this decline. They note that in the past, Metro staff has prepared two tonnage estimates, one on which capital construction needs would be based and a more conservative estimate upon which budgetary forecasts would be based. Proponents contend that the executive officer based her decision on budgetary-based tonnage estimates instead of capacity-need estimates.

Proponents further argue that data for the first seven months of 1993 indicate a reversal in the trend of declining tonnages. They note that tonnages are nearly three percent higher than projections. They contend that if this trend continues there will be a more than adequate flow of tonnage for the Wilsonville station.

In addition, proponents have contended that Metro has underestimated the effect of rapid growth in Washington County on tonnages. They argue that such growth will generate significant tonnages for processing at the Wilsonville station and that if the station is not built, this additional tonnage will cause severe operational problems at Metro South.

**Future Site Availability.** The Wilsonville station site currently has the necessary conditional land use permit to build and operate the station. The permit provides will expire in early 1995 unless substantial construction on the proposed station has begun. Proponents contend that, in the past, great difficulties have been encountered when the siting of transfer station has been proposed. They argue that Metro should not allow a properly permitted site to slip through its hands. They contend that there are no guarantees that a site can be obtained in the future that will offer the locational benefits of the proposed site.

Some have suggested that Metro should explore "land-banking" the site to preserve its future availability. This approach has a number of problems associated with it. These include: 1) the willingness of the city of Wilsonville to allow the site to be used for a transfer station at some future date and 2) purchase and maintenance-related costs estimated by Metro staff to be up to \$2 million for the first five years.

Ongoing Regional Cooperative Efforts. The Washington County Steering Committee has expressed concern over the effect of not building the station on other ongoing regional cooperative efforts. They contend that such a decision would be in conflict with the adopted Washington County Plan and the RSWMP. They contend that the RSWMP should be reexamined prior to any such decision. They note that "we do not want to be told, after nearly a decade of work for some of us, that a unilateral decision has been made to change the policies and asked after the fact what we think of it."

Environmental, Land Use, Transportation Issues. Proponents contend that a decision not to build the station will have pollution, transportation and land use implications. Proponents argue that the longer travel times to either Metro Central or South currently incurred by Washington County haulers contributes to increased air pollution. They estimate that building the station will reduce travel times for Washington County haulers by 450,000 miles in the first year alone. They contend that this reduction will reduce air pollutants from the affected trucks by 20 to 40 tons per year.

They further note that if the station is not built, Metro will eventually attempt to exercise its flow control authority. This will lengthen travel times for many haulers and add to traffic congestion in the industrial area near Metro Central and result in more vehicle-related air pollutants. Proponents also have expressed concern about safety issues from potential increased use of Highway 26 by Washington County haulers that may be required to use Metro Central.

#### Con Arguments

The Executive Officer, Metro Solid Waste Staff, representatives from A.C. Trucking and several private citizens offered testimony in opposition to building the Wilsonville station. These arguments included:

Lack of Transfer Station-Type Waste. Tonnage estimates prepared by Metro staff have focused on the recent decline in transfer station waste and are now forecasting limited tonnage growth for the next twenty years. Staff notes that the recent declines have been by many factors, many of which will remain into the future. For example, they note that the recent significant increases in tipping fees have caused major waste generators to begin to look at alternative disposal and recycling options to reduce their costs. In addition, local governments have implemented many new recycling programs that have removed large amounts of waste from the residential wastestream.

Staff contends that these trends will continue into the future. For example, several new recycling programs will be initiated shortly, including yard debris collection in many areas of Washington County and mixed scrap paper collection in the city of Portland. In addition, new recycling facilities such as a proposed construction-demolition recycling operation may become operational.

As a result, staff estimates that there will be little or no tonnage growth in Multnomah and Clackamas Counties during the next twenty years. Growth in Washington County tonnage is estimated to be only 30,000 tons during the next twenty years. The capacity of Metro Central and Metro South exceed these projected tonnages by about 70,000 to 210,000 tons, depending on the whether the optimum or maximum capacity estimate is used for Metro South. Therefore, staff contends that a new facility is not needed at this time.

**Rate Impact.** Staff estimates that the tip fee impact of the Wilsonville station will be \$4.15/ton during the first full year of debt service payments. Staff contends that this impact is too great when the capacity to be provided by the station may never be needed. The Executive Officer noted that, with the passage of Ballot Measure 5, Metro must join other governments in reducing government costs and insuring that significant expenditures are fully justified. She noted that tip fees have increased significantly in recent years which has penalized those who recycle. In addition, staff noted that such higher tip fees may drive additional garbage from the system, causing further tonnage declines and increases in the tip fee.

As noted earlier, the operating costs at Wilsonville will be significantly higher than those at Metro South where most of the tonnage destined for the Wilsonville Station now goes. In addition, because tonnage at Metro Central and South would be reduced, the per ton operating costs at these facilities will go up.

**Current System Financial Status.** Metro staff has expressed concern about the current and future financial viability of the solid waste disposal system and related recycling, planning, and operational programs. They note that several factors are combining to create this uncertainty. These include:

- \* recent declines in tonnage that have forced over \$2 million in program cuts during the past two years,

- \* potential diversion of waste flows from major waste generators upon which Metro fees are collected from both Metro and non-Metro facilities,

- \* potential state legislative action that may grant fee exemption to certain generators,
- \* court challenges to flow control that may diminish Metro's authority to send specific wastes to specific facilities,
- \* continued reliance on a fee structure based on tonnage, revenue from which is adversely affected by increased recycling, and
- \* the potential impact of the tip fee increase resulting from the Wilsonville Station

Metro staff and Executive Officer concluded that these financial uncertainties make it unwise for Metro to issue over \$10 million in new bonded indebtedness and make a 20-year financial commitment to the operator of the new station.

**Effect on the Forest Grove Transfer Station.** The operators of the existing Forest Grove Transfer Station have expressed concern over the effect of the new station on their wastestream. Metro staff noted that several haulers that presently use the Forest Grove Station would be directed to use the new Wilsonville Station. But, they contend that any tonnage from these haulers would be made up through projected growth in tonnage from the remaining haulers that use the Forest Grove Station. Station representatives contend that they will experience a real loss in tonnage and revenue that could affect the viability of the station.

**Future Site Availability.** Metro staff and the Executive Officer contend that the future siting of a transfer station will not be as difficult as it has been in the past. They note that the existence of Metro's enhancement fee program rewards those communities that agree to accept a station with a significant revenue source. They also cite siting efforts in other jurisdictions that have proceeded relatively smoothly. They conclude that, at whatever future time Metro concludes that a new transfer station is needed, it will not be difficult to find an appropriate location.

**Implementing the Washington County Plan.** In response to those who contend that Metro has made a commitment to implementing the existing plan for disposal facilities in Washington County, Metro staff and the Executive Officer contend that a number of factors affecting the plan have changed dramatically since the plan's adoption. They cite: 1) the significant decline in forecasted Washington County tonnage since the preparation of the technical analysis, 2) the financial uncertainties noted above, and 3) the financial impact of the rate increase caused by the station.

They argue that these changing realities dictate that the station should not be built. They recognize that it may be necessary to review and revise the RSWMP and the Washington County plan, but contend that a decision not to build the station can be made prior to the completion of such a review.

#### Delaying a Final Decision

It has been suggested that the Council should delay its final decision on the Wilsonville until the spring or early summer of 1994. It is contended that such a delay could allow a number of issues and questions relating to the decision on the station to be more fully answered. These would include:

\* Tonnage Estimates. An additional nine to twelve months of tonnage data may, or may not, tend to validate the differing viewpoints of the proponents and opponents concerning future tonnage growth, particularly in the area to be served by the Wilsonville station.

\* Flow Control. There are several pending federal court cases related to the flow control of local jurisdictions. Many of the decisions in these cases will be made within the next year. In addition, pending federal legislation which would allow states to delegate flow control authority to local jurisdictions also may be acted on during the next few months.

\* Rate Structure Study. Metro is currently engaged in a study of existing disposal rate structure and examination of possible alternatives. This study will be completed by December 1993, in time for the Council to act on any changes for possible implementation in FY 94-95. Significant changes in the rate structure could affect transfer station tonnages and impact any decision on the Wilsonville Station.

\* Organic Wastestream Study. Metro is also studying potential methods of recycling or reusing portions of the organic wastestream. The completion date for this work is somewhat uncertain. Potential diversion of transfer station organic wastes to other facilities or processes could impact the need for the Wilsonville station.

\* Increased System Enforcement Programs. Metro has entered into an agreement with the Multnomah County Sheriff's Office for increased flow control and illegal dumping enforcement. For budget purposes, staff estimated that 15,000 tons of additional tonnage would be identified through this program. By next year, some data will be available indicating the impact of the program on tonnages.

\* System Issues Raised By Station Proponents. Proponents of the station have argued that any decision not to build should not be made until issues related to the future of the disposal system are addressed. These would include: 1) revising the RSWMP, 2) developing a system for how flow control would be implemented, 3) potential modification of Metro South Station, and 4) the potential of a differential rate structure in Washington County. A delay in the decision on the station might allow time for some or all of these issues to be addressed.

Potential Negative Effects of Delaying a Decision

There are several potential negative effects to delaying a final decision on the station. These would include:

\* Willingness of WRI to Incur Additional Costs. WRI would certainly incur additional costs in holding on to the proposed site for an additional without any guarantee that the project will be approved.

\* Potential Additional Construction and Operating Costs. Delaying the construction and opening of the facility will likely add to construction and operating based on the normal impacts of inflation labor and material costs.

\* Potential Additional Financing Costs. Interest rates are currently at historic lows. Waiting an additional year to finance the proposed facility could result in higher bond interest rates which would increase the initial and long-term costs of the project.

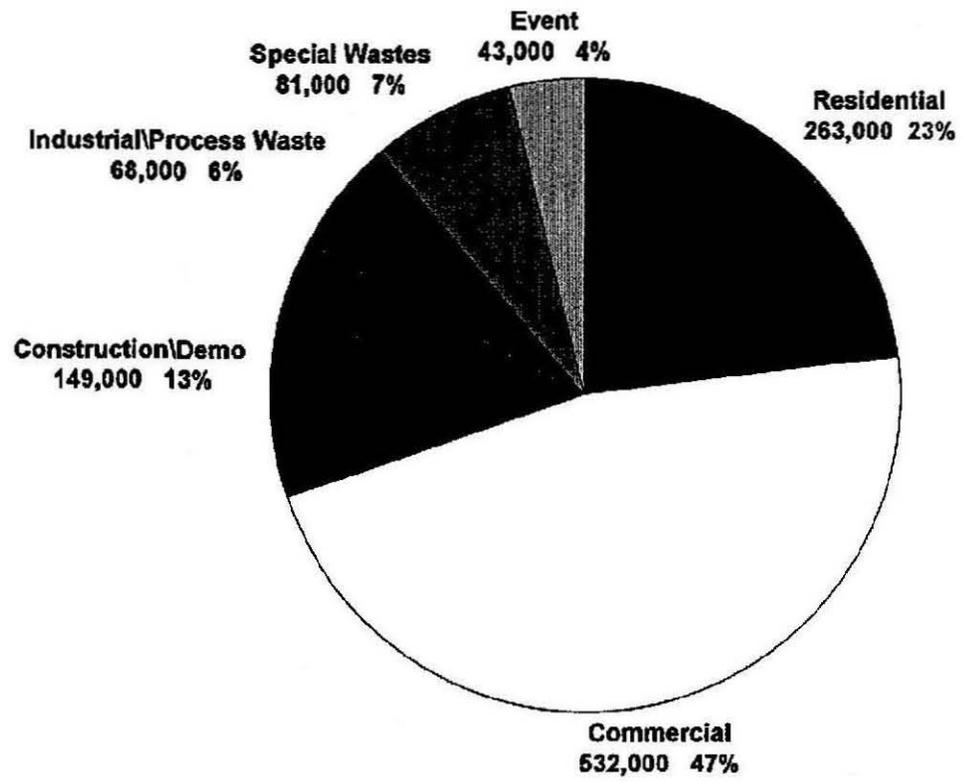
## **Purpose of Part 1 of Waste Reduction Assessment**

- **Review goals of previous 5 year plan**
  
- **Assess status of programs under the plan**

## **KEY OBSERVATIONS FROM ASSESSMENT PART 1:**

- **ACHIEVING THE RSWMP GOAL OF 56% BY 2010 WILL BE A CHALLENGE**
- **FUTURE PROGRAMS TARGET SPECIFIC GENERATOR WASTE STREAMS**
- **NEED FOR ADDITIONAL PERFORMANCE MEASURES**

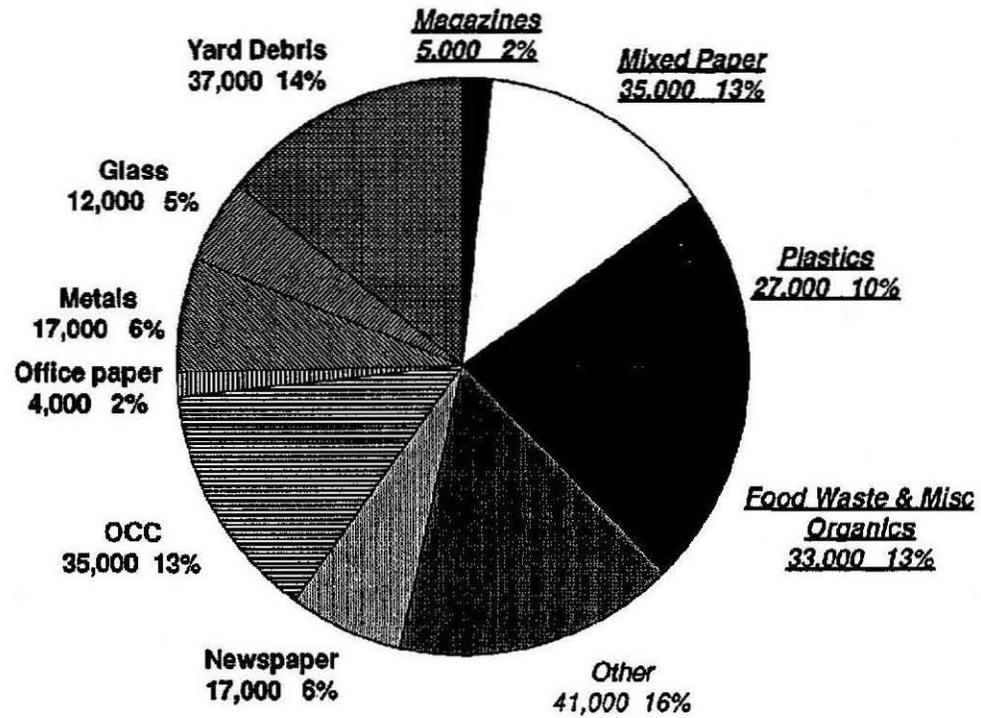
**Waste Delivered to Facilities in Metro Region - 1992**  
**1,136,000 Total Tons**



## **Purpose of Part 2 of Waste Reduction Assessment**

- **Provide basic information for development of generator-based reduction strategies**
- **Identify important factors affecting targeting strategies**
- **Recommend generators to target**

**Waste Disposal by Residential Generators**  
**263,000 Total Tons Per Year**



## **Residential Opportunities**

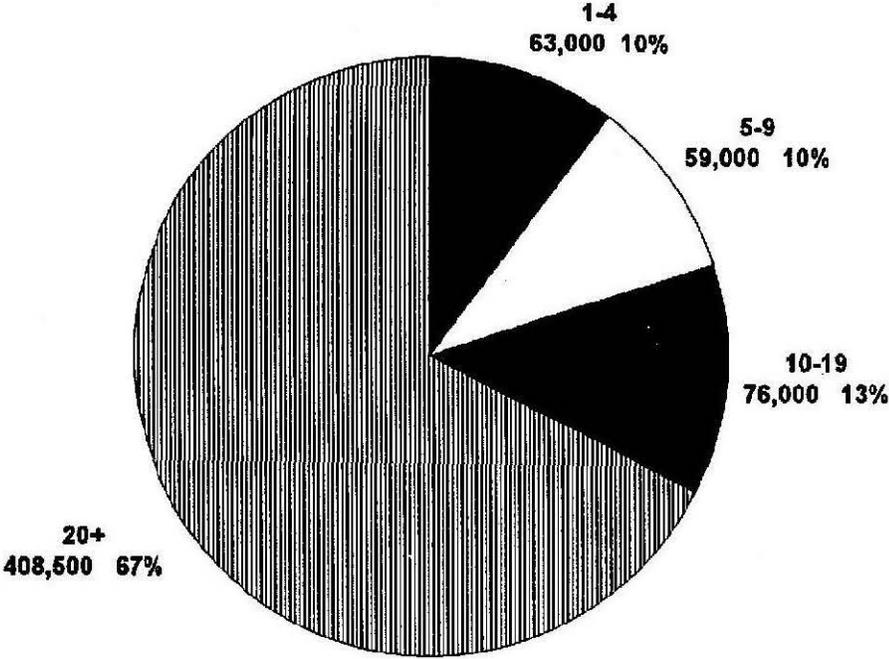
- **Improvements in recovery of principal recyclable materials**

**OCC  
Yard Debris**

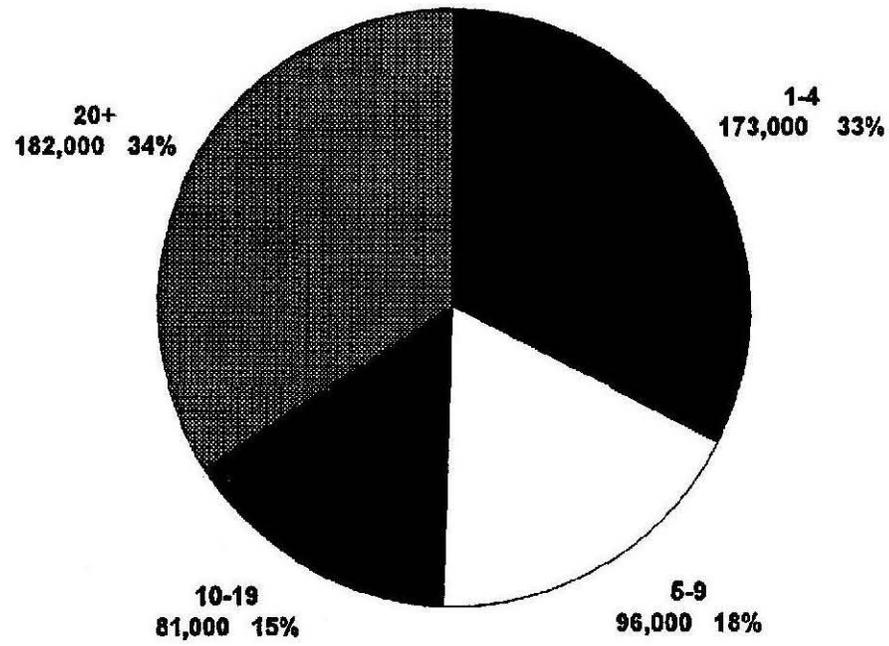
- **Additional recovery of new materials**

**Mixed paper  
Organic wastes**

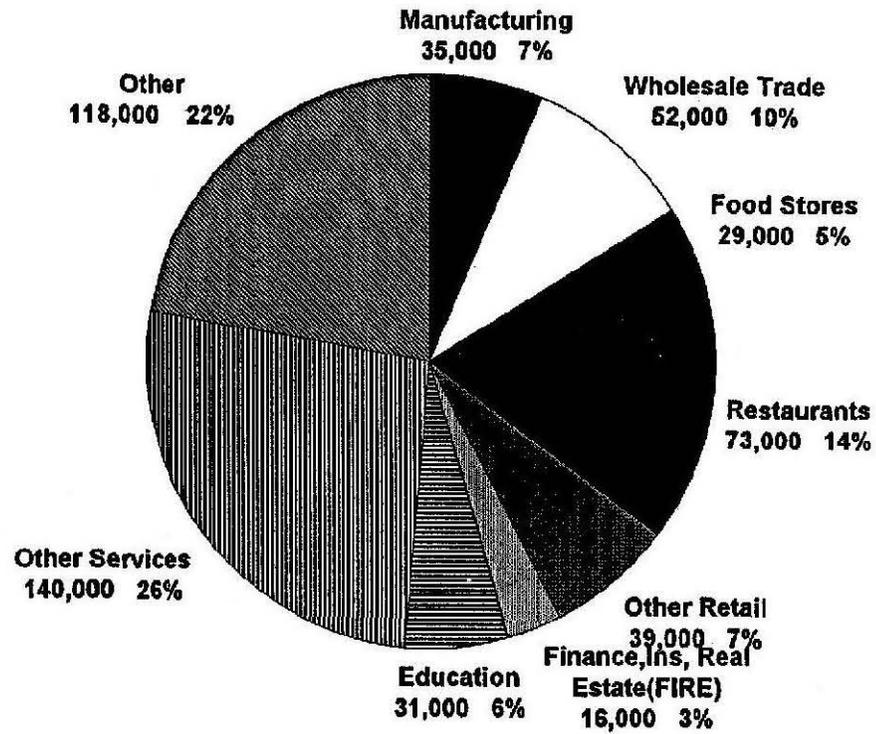
**Commercial Generators  
Employees By Size of Establishment  
606,500 Total Employees**



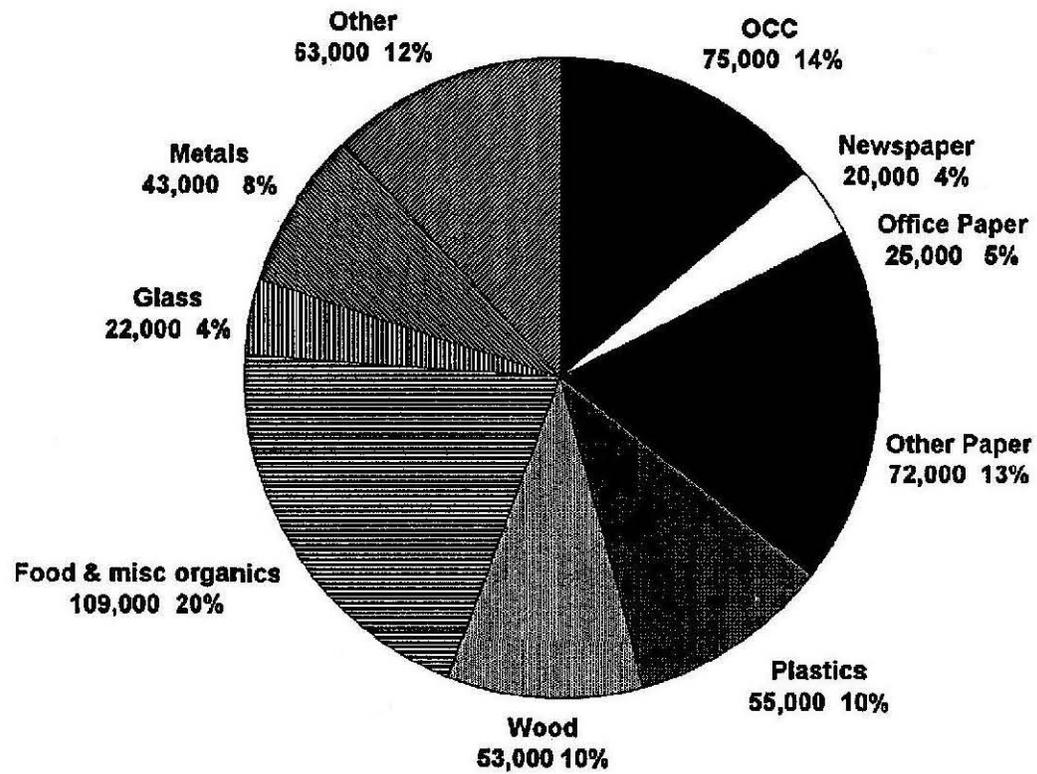
**Waste Disposed by Commercial Generators  
by Size of Establishment  
532,000 Total Tons**



**Waste Disposed by Commercial Generators  
532,000 Total Tons Per Year**



**Waste Disposed by Commercial Generators  
532,000 Total Tons Per Year**

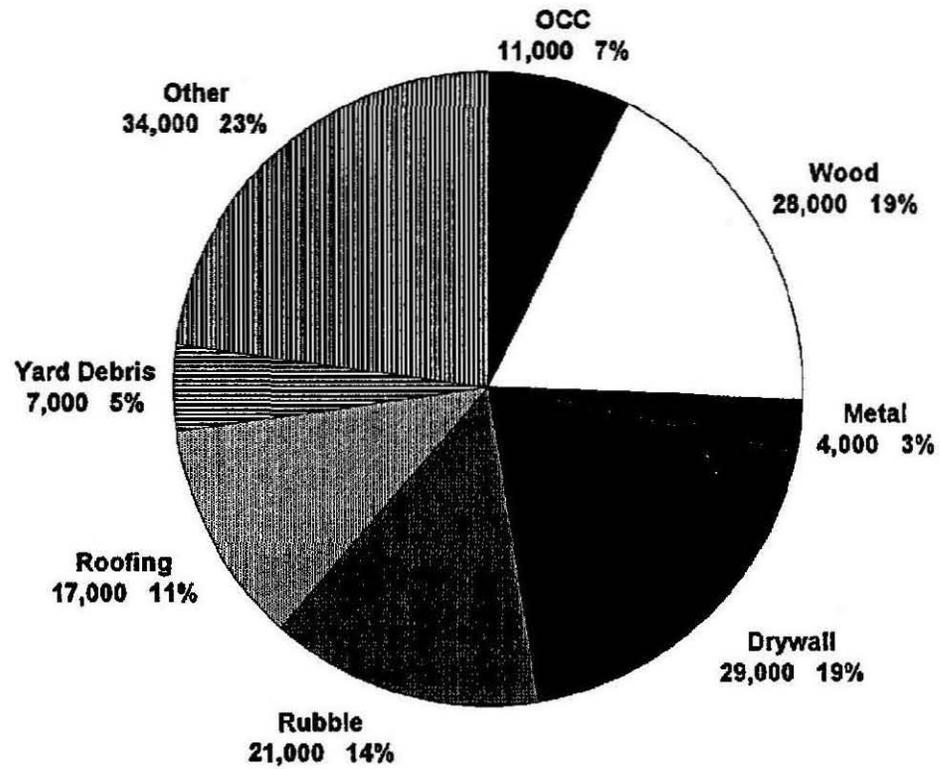




## **Commercial Opportunities**

- **Small businesses responsible for a large fraction of wastes.**
- **More paper recovery.**
- **Recovery of organics**

**Wastes Disposed by Construction & Demolition Debris Generators**  
**149,000 Total Tons**



## **Construction \ Demolition Opportunities**

- **Additional opportunities in new construction**
- **Demolition projects generate very large amounts of material.**
- **Early segregation of materials**

## **OTHER GENERATOR WASTES STREAMS**

- **Industrial**

  - Technology issues and information critical

- **Special**

  - Potential diversion and recovery more technically difficult

- **Event**

  - Traditional "curbside" efforts not effective

## **KEY OBSERVATIONS FROM ASSESSMENT PART 2:**

- **Large amounts of "Principal Recyclables" remaining**
- **Small businesses**
- **Organic "non-recyclable" wastes**
- **"Other" wastes outside regular residential and commercial systems**

September 15, 1993  
Rate Review Committee (RRC)  
Solid Waste Advisory Committee (SWAC)

**Assessment of Solid Waste Revenue System**

**Project Schedule**

<b>DATE</b>	<b>GROUP</b>	<b>TASKS</b>
September 15	SWAC/RRC	Approve Schedule/Process Ideas regarding alternatives and evaluation criteria
October 6	Work Group	Organize ideas from September 15 meeting Comprehensive alternative list Evaluate alternatives Recommend "short list" of alternatives
October 20	SWAC/RRC	Review comprehensive alternative list Approve short list
November 3	Work Group	Alternative analysis
November 17	SWAC/RRC	Review preliminary findings
December 1	Work Group	Refine alternative analysis per Nov 17 input
December 15	SWAC/RRC	Review and approve final evaluation Recommendations to Council

s:\share\pete\finance\schedule.doc

September 15, 1993  
Rate Review Committee (RRC)  
Solid Waste Advisory Committee (SWAC)

## **Assessment of Solid Waste Revenue System**

### **Alternatives**

#### **Current System**

Per-ton fees charged at transfer stations, landfills, and recovery facilities that have residual material.

#### **Broaden the Rate Base**

Rates are levied over a broader tonnage base than that which arrives at designated transfer stations and landfills for disposal.

#### **Rate Restructuring**

Rates are restructured so as to cover tonnage-independent costs with tonnage-independent revenues; and tonnage-dependent costs are covered with per-ton tip fees related to the true costs of handling various waste streams.

#### **Diversify the Revenue Base**

Fund some solid waste functions from sources other than system-specific user charges (*e.g.* taxes).

#### **Other??**

## Assessment of Solid Waste Revenue System

### Evaluation Criteria

1. **Consistency.** Consistency with Metro's agency-wide planning policies and objectives, including but not limited to the Solid Waste Management Plan, and the economic opportunity and related objectives of Regional Urban Growth Goals and Objectives (RUGGO).
2. **Revenue Adequacy.** The generation of sufficient revenues to fund the costs of the solid waste system.
3. **Equity.** Charges to users of the waste disposal system are directly related to disposal services received. Charges to residents of the Metro service district who may not be direct users of the disposal system should be related to other benefits received.
4. **Economic Impacts.** The economic effects on the various types of rate payers, including the cost of living on residential waste generators and the cost of doing business on non-residential generators, as well as the economic effect on others in the region.
5. **Waste Reduction.** The rate structure provides incentives to encourage waste reduction, reuse and recycling.
6. **Affordability.** The ability of those paying for the program to bear the costs that they are determined to be responsible for.
7. **Implementation.** The relative cost and effort of implementing and administering the rates. Ensure that the rates can be verified and enforced.
8. **Credit Rating Impacts.** The effect of the rate structure on Metro's credit rating.
9. **Authority to Implement.** The legal ability of Metro to implement the rate structure; the relative ease or difficulty of obtaining the authority if such authority is not already held; and the changes needed to Metro Code to implement the new rate structure.
10. **Reliability.** The extent to which anticipated revenues are stable and unlikely to deviate from financial plan expectations.
11. **Predictability.** Metro rate adjustments will occur in a predictable and orderly manner such that local governments, haulers, and rate payers will be able to perform effective business planning.